

The Indiana Uniform Consumer Credit Code, IC 24-4.5, contains regulations concerning consumer credit sales and leases such as:

DEFINITIONS

"Consumer Credit Sale" is a sale of goods, services, or an interest in land:

for a personal, family, or household purpose;

the credit is granted by a person who regularly engages as a seller in credit transactions;

the buyer is a person other than an organization;

either the debt is payable in installments or a credit service charge (finance charge) is made; and

the amount financed does not exceed \$50,000 unless the debt is secured by personal property used or expected to be used as the principal dwelling of the buyer.

"Services" includes:

work, labor, and other personal services;

privileges with respect to transportation, hotel and restaurant accommodations, education, physical culture, hospital accommodations, funerals, cemetery accommodations, etc.

insurance provided by a person other than the insurer.

"Consumer lease" means a lease of goods:

a lessor regularly engaged in the business of leasing makes to a person, other than an organization, a lease primarily for a personal, family, or household purpose;

the amount payable under the lease does not exceed \$50,000; and

is for a term exceeding four (4) months.

"Regularly engaged" means a person who extends consumer credit in the preceding calendar year or in the current calendar year more than 25 times or 5 times for transactions secured by a dwelling.

MAXIMUM CHARGES

Closed-end credit sales maximum rate is a melded rate based on a step rate of 36% on the portion of the amount financed up to \$960 (effective 7/1/02); 21% on the portion of the amount financed from \$960.01 to \$3,200; and 15% on the portion of the amount financed over \$3,200; or 21%, whichever is greater.

There is also a minimum finance charge allowed of \$36.00 (effective 7/1/02).

Open-end revolving charge sales maximum rate is 1 3/4% per month (21% APR) with a minimum charge of 50 cents per billing cycle.

ADDITIONAL CHARGES

Additional Charges may be imposed as follows:

- ◆ Official fees and taxes.
- ◆ Charge not to exceed \$20 for each returned NSF check.
- ◆ Property or liability insurance if the cost is disclosed and the buyer may choose from whom the insurance is to be obtained.
- ◆ Credit insurance if it is not a factor in the approval of the credit and the buyer gives affirmative, written indication of desire for the insurance. If a creditor requires credit insurance, it must be included in the finance charge and reflected in the APR.
- ◆ Closing costs on a debt secured by an interest in land.
- ◆ Other charges approved by the Department.

DELINQUENCY CHARGES

A creditor may contract for and receive a delinquency charge of not more than \$16.00 (effective 7/1/02) when a payment is made more than 10 days past the due date. Payments are applied to current installments then to delinquent installments.

REBATE UPON PREPAYMENT

Unearned finance charges based on the "Rule of 78s" rebate are to be given upon prepayment in full of a precomputed credit sale. Contracts over 61 months are to have finance

charges rebated on an actuarial basis. The actuarial method is computed by applying the disclosed annual percentage rate to the unpaid balances of the amount financed for the full computational periods following the prepayment, as originally scheduled or as deferred.

DEFERRAL CHARGES

A creditor may contract for and receive a deferral charge on precomputed contracts at the disclosed APR. Unearned deferral charges must be rebated upon prepayment in full.

BALLOON PAYMENTS

On a credit sale with a final payment twice as large as the earlier scheduled payments, the creditor must refinance the final payment for no less favorable terms than the original sale.

REFERRAL SALES

A credit seller or lessor may not give or offer to give a rebate or discount or otherwise pay or offer to pay value to the buyer or lessee as an inducement for a sale or lease in consideration of his giving to the seller or lessor the names of prospective purchasers or lessees, or otherwise aiding the seller if the earning of the rebate is contingent upon the occurrence of an event subsequent to the time the buyer agrees to the purchase.

ATTORNEY'S FEES

A creditor may contract for and receive reasonable attorney's fees.

LIMITATIONS ON DEFAULT CHARGES

Except for reasonable expenses incurred in realizing on a security interest, the agreement with respect to a consumer credit sale may not provide for any charges as a result of default by the debtor other than those authorized by the Indiana Uniform Consumer Credit Code.

RESTRICTION ON LIABILITY ON CONSUMER LEASE

The obligation of a lessee upon expiration of a consumer lease may not exceed three (3) times the average payment allocable to a monthly period under the lease. The limitation does not apply to charges for damages to the leased property or for other default.

USE OF MULTIPLE AGREEMENTS

A seller may not use multiple agreements with the intent to obtain a higher credit service charge (finance charge) than would otherwise be permitted by the Indiana Uniform Consumer Credit Code or to avoid disclosure of an annual percentage rate.

RESTRICTIONS ON DEFICIENCY JUDGMENTS ON CREDIT SALES

If the cash price of goods in which the credit seller has a security interest is \$3,200 or less (effective 7/1/02) and the seller repossesses or voluntarily accepts surrender of the goods, the buyer is not personally liable to the seller for any unpaid deficiency balance on the sale of the goods, and the seller is not obligated to resell the collateral. If a seller elects to bring action against the buyer for a debt described above, the seller may not repossess the collateral.

CREDIT SELLERS

Businesses who make consumer credit sales and/or leases are required to file notification with the Department of Financial Institutions (DFI). If your business engages in consumer credit transactions which include financing your own credit sales or leases and assigning contracts to a financial institution, and you have not filed with the DFI, call the toll free or local number and request a filing form. There is no fee to file.

Contracts initiated by businesses who engage in consumer credit sales or leases who are not filed, could be deemed invalid.

The Notice of Intent Form and information is now on the Internet.

An annual Creditor's Notification Return is also required to be completed and returned to the DFI to keep filings current. Records of the volume of consumer credit transactions must be maintained when a business finances their own credit sales or assigns contracts to an institution who does not file (such as an out-of-state company, a federal saving institution, or a federal credit union)

If a credit seller has original unpaid balances (volume) of consumer credit sales, they must report that volume on the Creditor's Notification Return. The first \$100,000 of volume is exempt from the filing fee. Volume in excess of \$100,000

is subject to a fee per \$100,000 or part thereof set by the DFI. The present filing fee is \$16.00 per \$100,000 or part thereof. Other information requested on the Creditor's Notification Return is any change in filing information and a list of branch locations.

EXAMINATIONS

The DFI, in order to determine whether the provisions of the Indiana Uniform Consumer Credit Code are being complied with by persons engaging in acts subject to that Article, may examine the books and records of persons and may make investigations of persons as may be necessary to determine compliance. The DFI shall determine the sufficiency of the records and whether the person has made the required information reasonably available.

The records pertaining to any consumer credit transaction subject to the Indiana Uniform Consumer Credit Code shall be retained for two (2) years after making the final entry relating to the consumer credit transactions.

The DFI shall be given free access to the records wherever located. If the person's records are located outside Indiana, the records shall be made available to the DFI at a convenient location within Indiana, or the person shall pay the reasonable and necessary expenses for the DFI or its representative to examine them where they are maintained.

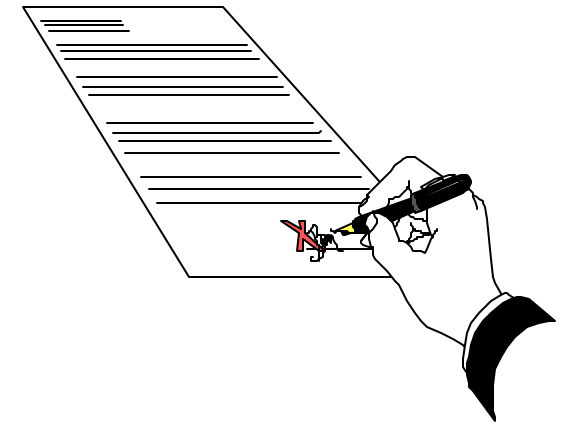
The DFI may assess an examination fee established by the department for each day or partial day by which the examination exceeds three (3) days per location to be examined. However, the examination fee provided for in the Code is payable only to the extent that the fee exceeds the amount of the filing fees paid most recently.

If you have any questions regarding filing notification, the Creditor's Notification Return, and/or examinations, contact the Department of Financial Institutions.

The Indiana Uniform Consumer Credit Code IC 24-4.5 is available on the Internet. Copies of the Indiana Uniform Consumer Credit Code may be obtained from the DFI in notebook form for \$35.00.



Consumer Credit Sales & Leases



DEPARTMENT OF FINANCIAL INSTITUTIONS

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